



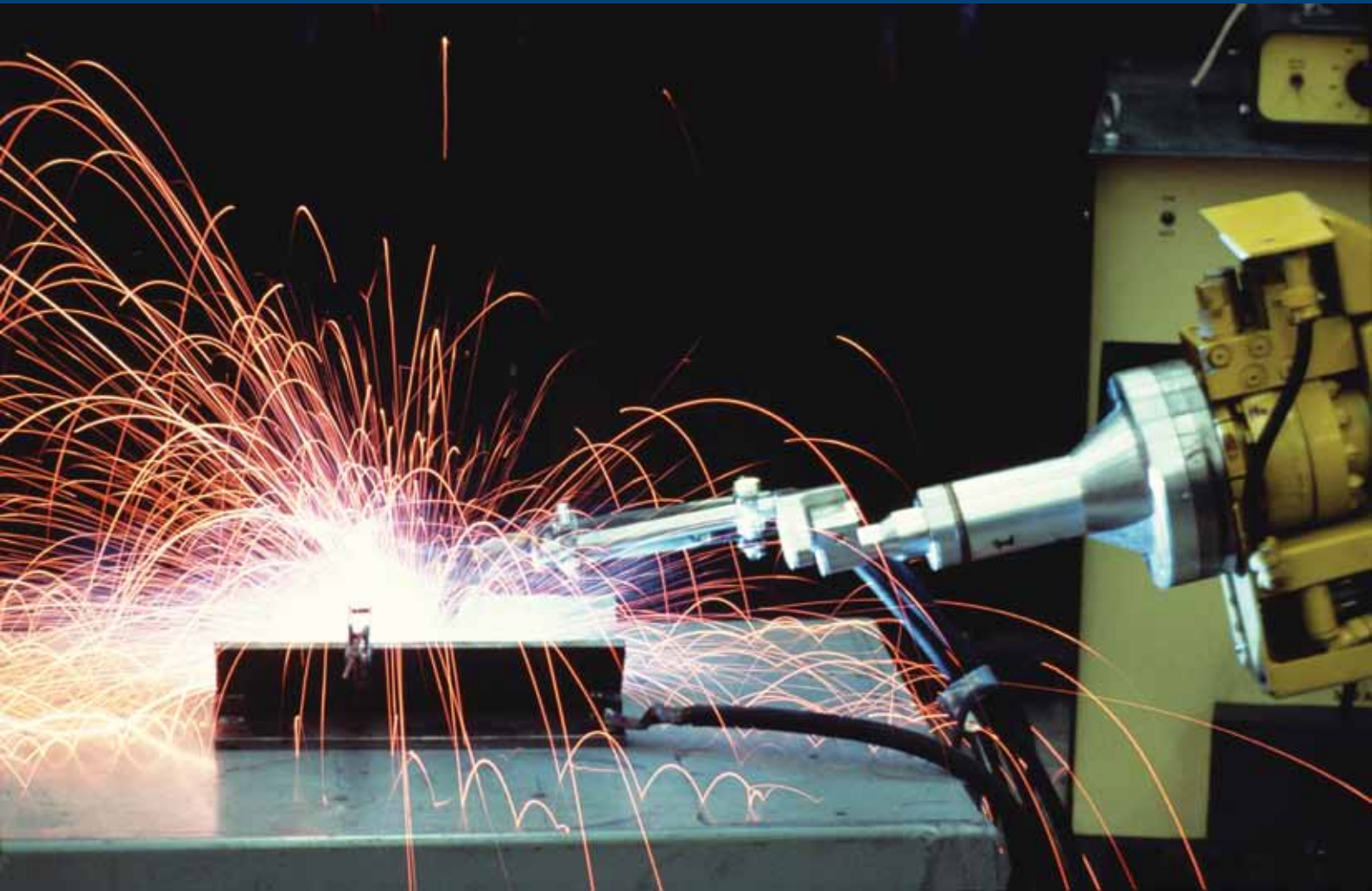
هيئة تشجيع الاستثمار الفلسطينية
Palestinian Investment Promotion Agency



مؤتمر فلسطين للاستثمار
Palestine Investment Conference



INSPIRING BUSINESS



Manufacturing Sector

Project Number:	PIC-2010-IO-026
Project Name:	Decorative Tiles and Bricks Manufacturing
Sponsor Company Individual:	Mr. Shehada M. H. Elnajjar
Contact Details:	Main Street Khan Younis, Gaza Mobile: +970-59-9429977 Email: smhnajjar@hotmail.com
Total Cost of the Project:	US\$ 221,711
Investment by Current Owners:	US\$ 66,513
Required Investment:	US\$ 155,198

Project Description:

Shehada M. H. Elnajjar is seeking a strategic investment partner that will assist in establishing a company to manufacture floor tiles, roof tiles and decorative bricks which will be used for walkways, sidewalks and the roofs of residential and commercial buildings.

The company will target the local market to include all provinces in Gaza since this company will have no local competition in Gaza, therefore the company will have 95% of the local market share.

The company's clients will consist of decorative tile and brick businesses, construction companies, retail stores and whole sale agents of building materials.

The company will distribute the products to all provinces in the Gaza Strip through wholesale dealers ensuring that their price will be competitive and at least 20% cheaper than Israeli companies. The company intends to produce high quality tiles and bricks at very reasonable prices. Tiles and bricks manufactured from Israel are not less than 4 NIS per tile while the company intends to manufacture and sell their tiles at a price of 3.25 NIS or less.

The company will also have of transportation vehicles for delivering the products in order to expedite clients' orders in a professional manner and ensure customers satisfaction.

Project Development Time Table:

	Expected number of months from finance availability
Operations Start Date	3 months

Current Owners' Profile:

Shehada M. H. Elnajjar was born in Khan Younis, Gaza in 1950. Mr. Elnajjar was the Sales Executive for British Caledonian Airlines for ten years. Mr. Elnajjar founded and established Cairo 2000 Company which specializes in importing and exporting of goods as well as jewelry trading.

Mr. Elnajjar was the president of Khouza Khan Younis's Municipality and held this responsibility for 5 years. In 2001, Mr. Elnajjar established ELAF Company which specializes in trading and contracting.

Mr. Elnajjar has more than twenty five years of extensive experience in the industry and intends to achieve his goal that is assisting to better develop Gaza.

Industry Highlights:

It is roughly estimated that the total number of industrial firms working in the construction sector equals 350 working facilities, regardless the size and the field of specialty. The construction industry is still in its infancy, with an estimated age of 15 years.

Sector diversification

This industry is mostly composed of five major fields and hence product types. These are ready mix concrete, bricks, stone crushers, asphalt products, cement precast manholes, cement pipes, carpe stone and cement tiles.

Quality as an advantage

Quality is key differentiator in this sector. Quality in most cases is a requirement by the designer and it is one of the procurement qualification criteria. Not all firms have obtained compliance with the Palestinian Standards (PS) for their products, and even those who obtained it are hardly able to maintain it. Apart from ISO 9001:2000, which is requested by some industry operators, most of the international certifications are not mandatory. Environmental management systems are needed in this industry since some parts of it are considered as pollutant industries; ISO 14000 could be suitable for large firms only. It is worthy to mention that the country is moving towards reconstruction and rehabilitation processes in Gaza Strip which will need a huge amount of building materials. Moreover, the plans to build new cities and boroughs will also double the potential demand for construction materials. The cluster is so important for growth since it carries significant forward and backward linkages.

Technical position and capacity

The percentage of demand supplied by this sector is estimated at 45%, while, the average employed labor force is estimated at 22 workers per firm. This means that any increase in production capacity will increase substantially the number of workers in the sector. It is quite noticeable that there are certain deviations in the technology and capacity of production in some fields, for example bricks production, whereas the deviation in other fields such as ready mix concrete is negligible. Construction is a cluster with strong growth potential and

readiness for collective action and with above-average performance on key factors related to West Bank and Gaza circumstances. Its strong growth potential ratings are based not only on global forecasts but also on the local context, which includes a diversified product and service base. Likewise, the past collaboration of its firms and support institutions translate into relationships that should propel fruitful and immediate coordinated activities. With history of labor absorption reaching more than one-fifth of workforce, construction is positioned to resume its vital role in job creation, although the cluster's fortunes do fluctuate with the political context.

Marketing position

The industry's main market is the West Bank. It comprises 73% of the total market share. Whereas, Israeli construction products constitute 23% of the market, and the remaining is sold in Gaza markets. It is obvious that the industry does not export any of its products; due to the extensive heavy transport costs required. Jordan could represent a potential country for export because of proximity, but the whole costs and requirements need to be checked.

Financial position

The majority of operating firms request financial resources for buying new machinery, whereas almost half of the industry need investment in developing their products, developing their market and get involved in some strategic partnerships with other related or inter-related industries.

SWOT Analysis

Internal Analysis	
Strengths	Weaknesses
<ul style="list-style-type: none"> Limited local competition Minimize Palestinian companies' reliance on Israeli and International companies The company will have its' own transportation vehicles to deliver products in a timely manner to their clients 	<ul style="list-style-type: none"> Owners lacks financial resources

External Analysis	
Opportunities	Threats
<ul style="list-style-type: none"> There is a growing demand for these products 	<ul style="list-style-type: none"> Political instability and blockade on Gaza

Financial Projections in US\$

Indicators	2010	2011	2012	2013	2014
Income statement Accounts					
Revenues	0	411,184	472,862	520,148	546,155
Gross Profit	0	178,592	205,381	225,919	237,215
Net Income	(14,457)	102,421	120,644	134,614	142,298
Cash Flow Accounts					
Operating Cash Flow	(6,000)	79,220	97,132	107,345	113,148
Investing Cash Flow	(214,961)	0	0	0	0
Financing Cash Flow	221,711	0	(100,000)	(100,000)	(100,000)
Balance Sheet Accounts					
Total Assets	207,254	317,675	339,519	375,053	417,857
Total Liabilities	0	8,000	9,200	10,120	10,626
Total Equity	207,254	309,675	330,319	364,933	407,231
Profitability Indicators					
Return on Assets	(7%)	32%	36%	36%	34%
Return on Equity	(7%)	33%	37%	37%	35%

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